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Info:

JOINT STATE-FOA MESSAGE

URTEL 370

Approve your reserving U.S. position on proposal purchase Tripoli power plant with aid funds, both because authority Joint Commission involved and because nationalization issue (URTEL 349). Much prefer U.S. aid provide net increment Libyan economy than go for transfer title to power plant, maintenance existing facilities, repair war damages, etc., and feel this criterion essential at least to FOA portion of aid.

Apart from principles involved, our impression is that Tripoli power plant obsolete in which case would seem particularly important Joint Commission obtain professional advice re practicality purchase and fair value. Presumably Joint Commission would also want to weigh merits using U.S. aid to improve existing plant. This is exactly situation where we have assumed Libyans would welcome assistance Executive Director and U.S. advice.

Thus our preliminary reaction is dislike idea in principle and question it in practice. Unless you persuaded merits proposal, you should attempt discourage it basis important political issues involved and at least to postpone decision until question Tripoli power development can be studied in its entirety by Joint Commission, including possibilities financing by loans as Libyans

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Drafted by: NEA/AF:JRRoot:pkw 2/25/55

Telegraphic transmission and classification approved by: Leo G. Cyr

Clearances: ED-LaMacchia FOA-Mr. Moran & A. Boke

S/S-CR
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Libyans themselves have previously suggested. (You should take care of course not to imply U.S. ready to do lending.)

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ACTING (46)

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